

King's Church Darlington
(A company limited by guarantee)

Report and Financial Statements
For the Year ended 31 December 2022

Company Registration Number: 5670530
Charity Number: 1113455

King's Church Darlington

Financial Statements for the Year ended 31 December 2022

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King's Church Darlington

Reference and Administrative Information

Charity name:	King's Church Darlington
Company registration number:	5670530
Charity registration number:	1113455
Registered Office and operational address:	The King's Centre Prospect Place Whessoe Road Darlington Co Durham DL3 0QT

Directors and Trustees of the Charity

Mr M Coltman	
Mrs A Cooley (appointed 5 th September 2022)	
Mr RP Davison	Chair
Mr GJ Kennedy (resigned 31 May 2023)	
Mrs J Salt (appointed 5 th September 2022)	
Mr MA Sowerby	
Mr ST Ward	

Leadership Team

Mr M Coltman	Lead Elder
Mrs J Coltman	
Mr RP Davison	Elder
Mrs M Davison	
Mr GJ Kennedy	Elder (resigned 31 May 2023)
Mrs EA Kennedy	(resigned 31 May 2023)
Mr C Cooley	
Mrs A Cooley	
Mr PJ Hillsdon	
Mrs S Hillsdon	
Mr J Lambert	
Mrs K Lambert	

Company Secretary

Mr MA Sowerby

Independent Examiner

Azets Audit Services, Wynyard
Park House, Wynyard Avenue,
Wynyard, TS22 5TB

Bankers

Unity Trust Bank, Nine Brindley
Place, Birmingham B1 2HB

Solicitors

Close Thornton, 2 Duke Street,
Darlington. DL3 7AB

King's Church Darlington Directors' Report for the Year ended 31 December 2022

The Directors of the charitable company are its Trustees for the purpose of charity law, and throughout the report are collectively referred to as the Trustees.

The Trustees present their report, together with the independently examined financial statements for the year ended 31 December 2022.

The Trustees confirm that the report and financial statements of the charity have been prepared in accordance with the charity's governing document, the Companies Act 2006 and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) (effective 1 January 2019)".

Structure, Governance and Management

Governing Document

King's Church Darlington is a company limited by guarantee and registered with the Charity Commission (No.1113455). The company was incorporated on 10 January 2006 and its governing document is the Memorandum and Articles of Association dated 24 November 2005.

Recruitment and Appointment of Board of Trustees

The Church Elders, who are responsible for the day to day running of the Church, appoint the Trustees. The Board of Trustees serving during 2022 were:

Mr M Colman - Michael has been involved in church leadership for over 15 years, as a youth leader and, for the last 6 years, on the Eldership of a church. Michael was previously leading a church in Ontario Canada before taking the lead elder role at King's Church 2021. Prior to church employment Michael was working in Quality Assurance for EE. He is also a qualified counsellor.

Mrs A Cooley - Anne has been attending Kings Church since 2015 and has been involved with the children's work, part of the team working with the ladies of the church, and is one of the organisers of the annual Kings Christmas Craft Market. Along with her husband, she has taken out teams to Uganda from all over the UK, including from Kings Church. She is also a founder trustee of a charity working into Uganda. Anne was a school senior leader and teacher of 40 years' experience and, until she retired, also worked in Teacher Training with York St John University.

Mr RP Davison – Paul was the Deputy Director for Health Protection North East for Public Health England until his retirement in October 2019. He now has a national role working on environmental public health, sustainability and climate change. He became an elder in June 2009 and his responsibilities at King's Church include leading a worship band and preaching/teaching. Paul is Chair of Trustees.

Mr GJ Kennedy – Graham has been attending Kings Church since 1998, and has been involved in youth work, alpha courses and is part of the worship team. He was made an Elder in 2019. Graham was employed as a lecturer at Bishop Auckland College, where he had worked for over 20 years teaching hospitality and catering. From 1 June 2021 until 31st May 2023 Graham was employed as a full-time elder.

Mrs J Salt - Jenny has been involved at King's Church since 1998. During her time at King's Church, she has served as a Children's group leader and in the worship band. She has worked as a primary school teacher for almost 10 years and leads the music curriculum at her school.

King's Church Darlington
Directors' Report for the Year ended 31 December 2022

Structure, Governance and Management (continued)

Mr MA Sowerby – Mark has been a member of the Church, and its former Charity since 1993 and has held positions as the Church Accountant and Trustee during that period. He is a Chartered Accountant and works as Group Finance Director in an international Construction Consultancy.

Mr ST Ward – Steve has been a member of the church since its formation and has served in a number of roles including preaching, small group leadership and as head of music. He became an elder of the church in October 2019. He is an experienced IT manager and Business Consultant. Now retired from full-time employment, he continues to provide business advice and mentoring in a consulting capacity.

Trustee Induction and Training

Most Trustees have previously served in positions of responsibility within churches and Charities. All are familiar with the working of King's Church Darlington, being Church members and holding various positions of responsibility. All Trustees have received a copy of the Memorandum and Articles and are familiar with their contents. M. Sowerby has served as a Director of companies in his professional life and is familiar with the workings of companies and reporting requirements. Trustees make use of Charity commission website to maintain their knowledge of current developments.

Risk Management

The company inherited a valid Risk Assessment from the former Charity. Following the relocation of the Church into the King's Centre in June 2006 a review of risks associated with the property was performed and the Risk Register updated. We were fortunate to be assisted by a Church member whose professional life is very much concerned with carrying out risk assessments for large organisations. A formal review of the risk register is performed on an annual basis.

The Church is advised by a local Insurance Broker who specialises in church matters and who has been able to visit and discuss our changing needs. This has proved invaluable and has enhanced our risk management process.

Organisational Structure

The Trustees hold quarterly Board meetings. Outside of the Board Meetings a number of sub-committees exist to ensure the smooth running of the Church. These committees are chaired by members of the Board and include other members of the Church where appropriate skills are available. The key committees are:

Remuneration Committee – To review all aspects of employee terms and conditions and make recommendations to the Board for approval. Paid members of the Board are not permitted to vote on issues relating to their own remuneration. It is chaired by RP Davison and members during 2022 include M Sowerby and S Ward. The Trustees receive no benefits from the Church in their capacity as Trustees and give their time voluntarily. Details of Trustee remuneration and expenses in relation to services as Elders is disclosed in note 9 to the financial statements.

Finance Committee - The finance committee meets, as required, in the two months between board meetings. The group comprises, M Colman, M Sowerby and RP Davison, and monitors the day to day finances of the Church, dealing with financial matters arising between Board Meetings.

King's Church Darlington
Directors' Report for the Year ended 31 December 2022

Related Parties

The Church is a member of the Evangelical Alliance and is affiliated to a worldwide network of churches known as Newfrontiers.

Objectives and Activities

The charity exists to advance the Christian faith and also bring relief to persons in conditions of need, hardship or distress, or who are aged or sick. Further objectives are the advancement of education on the basis of Christian principles, and to provide or assist in the provision of facilities in the interests of social welfare.

The Trustees have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the charity's aims and objectives and in planning future activities. In particular, the Trustees consider how planned activities will contribute to the aims and objectives they have set.

The strategies employed to further our charitable purposes for the public benefit are:

- Sunday worship and other meetings which are held at the King's Centre, Darlington. The building is a former Naafi and carpet warehouse in the Whessoe Road area of Darlington and provides an active and distinctive base within a community in need of social regeneration.
- A network of midweek groups (LIFE Groups), which meet on a weekly basis in various homes. They provide a supportive environment in which members can develop and provide a platform for outreach into the wider community.
- Running courses and carrying out weekly and monthly groups for adults and youth, including mental health support group.
- Supporting the work of Sole Hope Uganda, a charity working within education, medicine and special needs in Uganda.
- Supporting the work of the church in Romania as it houses and looks to re-home Ukrainian refugees.
- The Church operates a Furniture recycling scheme, which receives and collects donated furniture, renovates and stores as required, and delivers to those who purchase.
- The Food bank now supports one other venue in town as well as the King's Centre base where food is stored and distributed to over 500 people per week over a five-day weekly period.
- King's Sports hosts weekly Pilates classes, using our main hall.

Achievements and Performance

As a church we are pleased to see growth in attendance across a range of church activities and the continued increase of members. This has meant a rise in those attending Sunday morning meetings and our youth and children's work.

We have also seen increased demand with our mental health group (Care and Share), toddlers group, and the Monday night youth group that we offer to the church and surrounding community.

The foodbank has seen more need for their services in the midst of a 'cost of living crisis' and is now feeding around 500 individuals per week. The Furniture Scheme has also seen an upward trend in need.

In the year, we had the opportunity to host the Christ Central international conference at the centre and this proved to be a great success.

King's Church Darlington
Directors' Report for the Year ended 31 December 2022

Achievements and Performance (continued)

Working with a church in Brasov, Romania, we have been able to send out a team on two occasions to provide support and supplies to their work in housing and re-homing Ukrainian refugees. This included a team going to finish work in the church building, to provide bedrooms.

Financial Review

The results show a net expenditure of £29k compared to £140k in 2021. This improvement reflected the increased level of activity within the King's Centre as the effects of the Covid pandemic measures reduced. Net expenditure on unrestricted funds was £84k which was £25k better than 2021. The result is after bearing depreciation of £98k such that Unrestricted Earnings before Interest, Tax and Depreciation are a positive £30k.

Unrestricted income increased by £79k to £515k with trading activities up by £66k, donations by £8k and rental income by £5k. The higher level of trading activities predominantly relate to the Café and Furniture recycling scheme. We remain grateful to Church members who continue to donate through a difficult period.

The higher level of activity also resulted in higher unrestricted costs, which were up by £45k to £599k. Part of this related to a reduction of £10k in the level of grant received through the government's job retention scheme, but beyond this Furniture Scheme costs were up by £36k, café costs by £5k and grants made by £15k. Property costs were down by £22k on 2021, with 2021 including some roof repair work and carpet replacement. We continued to adopt a very prudent approach to discretionary expenditure.

Restricted income was £45k above the 2021 levels at £132k. £24k of this is due to increased level of grant funding and the balance of £21k is a higher level of Foodbank donations. Restricted expenditure was £31k below that incurred in 2021 primarily due to a reduced level of expenditure against grants.

Closing unrestricted funds were £142k, however this figure includes fixed assets of £334k of which £314k relates to the King's Centre and the related building improvements. The Church has a finance lease liability of £295k, essentially secured against the building. Net current assets, therefore, represent a fairer picture of the day to day health of the Church finances and availability of funds. Unrestricted net current assets are £74k which are down from £92k in 2021.

Closing restricted funds, all held in cash, were £112k of which £49k relates to grant funding carried forward and £61k to Foodbank donations.

King's Church Darlington
Directors' Report for the Year ended 31 December 2022

Financial Review (cont.)

Key Activities

Outside of normal meetings and activities the Church is investing in four initiatives: the Furniture Scheme, the Café, King's Sports and the Foodbank. The table below summarises the running costs of these activities and how these costs have been funded:

	Furniture Scheme £'000	Café £'000	King's Sports £'000	Foodbank £'000
Costs:				
Salary Costs	60	38	-	55
Other Direct Costs	111	12	-	16
Allocated Overheads	31	22	8	10
	202	72	8	81
Funded by:				
Voluntary Gifts	-	-	-	78
Benefits in Kind	95	-	-	-
Grant income	1	-	-	13
Trading Income	99	50	3	-
Church Funds	7	22	5	(10)
	202	72	8	81

Allocated overheads represent a share of accommodation costs, based upon space usage and other overhead as relevant. Voluntary gifts are amounts received for the specific activity. Church Funds represents the shortfall in funding from sources of income specific to the activity and is therefore the amount required to be funded from unrestricted Church funds.

Outlook

Despite the economic uncertainty, the outlook for 2023 remains reasonably positive with income levels relatively robust and expenditure under control. We remain vigilant to changes in income and cost levels and recognise that 2023 is likely to bring with it recessionary challenges and increases in energy costs.

Principal Funding Sources

The main source of income to the Church is through gifts and donations received from Church members. We are also able to sublet some offices at the Church premises. Incidental income is received through reimbursement for some specific, and more costly Church events. Major capital projects are usually funded from gift days and grants.

Investment Policy

The Church aims to hold minimal levels of cash reserves and thus surplus funds are retained in higher interest deposit accounts.

King's Church Darlington
Directors' Report for the Year ended 31 December 2022

Financial Review (cont.)

Reserves Policy

The Church Trustees have established a policy of ensuring that the Charity retains a minimum level of cash equivalent to between 2 and 3 months normal expenditure. At 31 December 2022 this target was estimated at between £48k and £72k. Closing unrestricted cash funds at December 2022 were £112k, of which £38k related to a legacy received in 2018. The Trustees are keen to ensure that this legacy is used for the future development of the Church through the training and development of new leaders and leveraging the capacity of the King's Centre facilities in the advancement of the Churches key objectives.

Plans for Future Periods

Over the last twelve months it has been encouraging to see church growth and to look at the community and services we have been able to provide. We have seen a big take up in Life Groups which has been well attended across the church.

We also have been encouraged by attendance to other weekly groups that we have provided and going forward we will look to continue to support these groups. Care & Share our mental health group, knitting group, toddlers group have been successful in reaching the community.

Our focus on the year ahead is to 'Transform Lives and Change Communities' by:

- Continuing to see growth and sustainability in all of the projects mentioned above.
- To grow the outreach of our youth work and see growth in attendance to all our youth and children's work.
- Use of our facilities to provide a greater diversity with events and services catering for all ages.
- Raising the finance to accomplish this with the desire of gifting money to worthwhile causes in both the U.K. and Overseas.
- To preach the good news of Jesus and see people join the church family.

King's Church Darlington
Directors' Report for the Year ended 31 December 2022

Trustees' responsibilities statement

The trustees (who are also directors of King's Church Darlington for the purposes of company law) are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company and charity law requires the trustees to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.
- state whether applicable accounting standards have been followed subject to any material departures disclosed and explained in the financial statements.

The trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.


Statement of disclosure to Independent Examiner

In so far as the trustees are aware:

- there is no relevant information of which the charitable company's independent examiner is unaware;
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant information and to establish that the independent examiner is aware of that information.

In preparing this report, the trustees have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the trustees on 25 September 2023 and is signed on their behalf by:



Mr RP Davison
Chair of Trustees

King's Church Darlington**Independent Examiner's report to the trustees of King's Church Darlington**

I report to the charity trustees on my examination of the accounts of the company for the year ended 31 December 2022 which are set out on pages 11 to 27.

Responsibilities and basis of report

As the charity trustees of the company (and also its directors for the purposes of company law) you are responsible for the preparation of the accounts in accordance with the requirements of the Companies Act 2006 ('the 2006 Act').

Having satisfied myself that the accounts of the company are not required to be audited under Part 16 of the 2006 Act and are eligible for independent examination, I report in respect of my examination of your company's accounts as carried out under section 145 of the Charities Act 2011 ('the 2011 Act'). In carrying out my examination I have followed the Directions given by the Charity Commission under section 145(5)(b) of the 2011 Act.

Independent examiner's statement

Since the company's gross income exceeded £250,000 your examiner must be a member of a body listed in section 145 of the 2011 Act. I confirm that I am qualified to undertake the examination because I am a member of ICAEW which is one of the listed bodies.

I have completed my examination. I confirm that no matters have come to my attention in connection with the examination giving me cause to believe that in any material respect:

1. accounting records were not kept in respect of the company as required by section 386 of the 2006 Act; or
2. the accounts do not accord with those records; or
3. the accounts do not comply with the accounting requirements of section 396 of the 2006 Act other than any requirement that the accounts give a 'true and fair view' which is not a matter considered as part of an independent examination; or
4. the accounts have not been prepared in accordance with the methods and principles of the Statement of Recommended Practice for accounting and reporting by charities applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

I have no concerns and have come across no other matters in connection with the examination to which attention should be drawn in this report in order to enable a proper understanding of the accounts to be reached.

Azets Audit Services

Azets Audit Services
Wynyard Park House
Wynyard Avenue
Wynyard
TS22 5TB

Date: 26/9/2023

King's Church Darlington
Statement of Financial Activities (including Income & Expenditure Account) for the
Year ended 31 December 2022

		Year ended 31 December 2022			Year ended
	Notes	Unrestricted Funds	Restricted Funds	Total Funds	31 December 2021
		£	£	£	£
Income and endowments from:					
Donation and legacies	2	337,358	132,485	469,843	417,284
Rental income	3	12,500	-	12,500	8,000
Investment income	4	1,122	-	1,122	-
Charitable activities					
Church events	5	164,140	-	164,140	98,108
Total income and endowments		515,120	132,485	647,605	523,392
Expenditure on:					
Raising funds	6	3,198	-	3,198	3,378
Costs of generating rental income	6	6,350	-	6,350	7,144
Charitable activities	6	584,584	77,282	661,866	646,950
Governance costs	6	5,238	-	5,238	5,538
Total expenditure		599,370	77,282	676,652	663,010
Net (expenditure)/income	7	(84,250)	55,203	(29,047)	(139,618)
Transfer between funds		2,220	(2,220)	-	-
Net movement in funds		(82,030)	52,983	(29,047)	(139,618)
Reconciliation of funds					
Funds brought forward		223,936	59,245	283,181	422,799
Total funds carried forward		141,906	112,228	254,134	283,181

The notes on pages 14 to 27 form part of the financial statements.

The statement of financial activities includes all gains and losses recognised in the year.

All income and expenditure derive from continuing activities.

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006.

King's Church Darlington
Balance Sheet as at 31 December 2022

	Notes	31 December 2022 £	31 December 2021 £
Tangible Fixed Assets	12	334,132	426,293
Current Assets			
Debtors	13	13,972	12,894
Cash at bank and in hand		223,901	187,632
		<u>237,873</u>	<u>200,526</u>
Creditors: amounts falling due within one year	14	(51,785)	(48,599)
		<u></u>	<u></u>
Net Current Assets		186,088	151,927
Total Assets less Current liabilities		520,220	578,220
Creditors: amounts falling due after one year	15	(266,086)	(295,039)
		<u></u>	<u></u>
Net Assets		254,134	283,181
Charity Funds			
Unrestricted funds	17	141,906	223,936
Restricted funds	17	112,228	59,245
		<u></u>	<u></u>
Total Funds		254,134	283,181

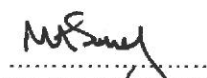
The notes on pages 14 to 27 form part of the financial statements.

The company is entitled to the exemption from the audit requirement contained in section 477 of the Companies Act 2006, for the year ended 31 December 2022. No member of the company has deposited a notice, pursuant to section 476, requiring an audit of these accounts.

The trustees acknowledge their responsibilities for ensuring that the charity keeps accounting records which comply with section 386 of the Act and for preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its incoming resources and application of resources, including its income and expenditure, for the financial year in accordance with the requirements of sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the company.

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

The financial statements were approved and authorised for issue by the Board of Trustees on 25 September 2023 and signed on their behalf by:


.....
Mr MA Sowerby
Trustee

Company Registration number: 5670530

Charity registration number: 1113455

King's Church Darlington
Cash Flow Statement for the Year ended 31 December 2022

		Year ended 31 December 2022			Year ended
		Unrestricted	Restricted	Total	31 December
	Notes	Funds	Funds	Funds	2021
		£	£	£	£
Net cash provided by/(used in) operating activities:	20	33,784	52,982	86,766	(12,927)
Cash flows from other sources:					
Proceeds from sale of fixed assets		-	-	-	-
Application of cash:					
Purchase of fixed assets		(5,997)	-	(5,997)	(25,094)
Payment of interest on borrowing		(17,433)	-	(17,433)	(19,317)
Repayment of borrowing		(27,067)	-	(27,067)	(25,183)
Net increase/(decrease) in cash:		(16,713)	52,982	36,269	(82,521)
Cash at the beginning of the year		128,386	59,246	187,632	270,153
Cash at the end of the year		111,673	112,228	223,901	187,632

The notes on pages 14 to 27 form part of the financial statements.

King's Church Darlington
Notes forming part of the Financial Statements for the Year ended 31 December 2022

1. Accounting policies

The principal accounting policies are summarised below. The accounting policies have been applied consistently throughout the year and in the preceding financial year.

(a) Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006 and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) (effective 1 January 2019)". The charity is a Public Benefit Entity as defined by FRS102.

The accounts are prepared in sterling, which is the functional currency of the charitable company. Monetary amounts in these financial statements are rounded to the nearest £1.

(b) Company status

The Charity is a company limited by guarantee. The members of the company are the trustees named on page 2. In the event of the Charity being wound up, the liability in respect of the guarantee is limited to £1 per member of the Charity.

(c) Fund accounting

Unrestricted funds are available for use at the discretion of the trustees in furtherance of the general objectives of the Church.

Restricted funds are subject to restrictions on their expenditure imposed by the donor or through the terms of an appeal.

When the restrictions placed on restricted funds have been removed, a transfer is made from restricted funds to unrestricted funds.

(d) Incoming resources

All incoming resources are included in the Statement of Financial Activities when the charity is entitled to the income and the amount can be quantified with reasonable accuracy. The following specific policies are applied to the particular categories of income:

- Voluntary income is received by way of grants, donations and gifts and is included in full in the Statement of Financial Activities when receivable. Grants, where entitlement is not conditional on the delivery of a specific performance by the Church, are recognised when the charity becomes unconditionally entitled to the grant.
- Donated services and facilities are included at the value to the Church where this can be quantified. The value of services provided by volunteers has not been included in these financial statements. The value of food and furniture received and subsequently donated have not been included in these financial statements.
- Rental income is accounted for when it becomes receivable.
- Investment income is included when receivable.

King's Church Darlington
Notes forming part of the Financial Statements for the Year ended 31 December 2022

1. Accounting policies (cont.)

- Incoming resources for charitable trading activity are accounted for when they are earned.
- Incoming resources from grants, where related to performance and specific deliverables, are accounted for as the Church earns the right to consideration by its performance.
- For legacies, entitlement is the earlier of the charity being notified of an impending distribution or the legacy being received. At this point income is recognised. Where legacies have been notified to the charity however it is not possible to measure the amount expected to be distributed, the legacy is treated as a contingent asset and disclosed.

(e) Resources expended

Expenditure is recognised on an accruals basis as a liability is incurred. Expenditure includes any VAT which cannot be recovered, and is reported as part of the expenditure to which it relates:

- Costs of generating funds comprise the costs associated with attracting voluntary income and the costs of generating rental income.
- Charitable expenditure comprises those costs incurred by the Church in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.
- Governance costs include the costs associated with meeting constitutional and statutory requirements of the Church and include the independent examiner fees and costs linked to the strategic management of the Church.
- All costs are allocated between the expenditure categories of the Statement of Activities on a basis designed to reflect the use of the resource. Costs relating to a particular activity are allocated directly, others are apportioned on an appropriate basis e.g. estimated building usage or estimated time committed as set out in note 6.
- Grants payable are accounted for when paid. Grants payable are payments made to third parties in the furtherance of the charitable objects of the charity.

(f) Fixed assets

Fixed assets are stated at cost less accumulated depreciation. Depreciation is provided at rates calculated to write off each asset over their expected useful life:

Music and sound systems	-	25% reducing balance.
Office furniture and equipment	-	25% reducing balance.
Computer equipment	-	50% reducing balance.
Motor vehicles	-	25% reducing balance.
Leasehold improvements	-	10 years straight line from completion.
Property	-	straight line over the term of the lease.

Assets costing less than £250 are not capitalised.

King's Church Darlington
Notes forming part of the Financial Statements for the Year ended 31 December 2022

1. Accounting policies (cont.)

(f) Fixed assets (cont.)

Depreciation is not provided on assets under construction until the asset is completed. After completion, periodic impairment reviews of the leasehold improvements will be performed.

(g) Gifts in kind

The value of gifts in kind is recognised as income within the financial statements at the point at which the Church is deemed to realise a benefit for the gift. Such income is valued at the estimated market value of the benefit where this can be quantified.

(h) Leases

Assets obtained under finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the Statement of Financial Activities so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

Rentals payable under operating leases are charged against income on a straight-line basis over the lease term.

(i) Format of financial statements

The trustees have adapted the formats for financial statements set out in The Small Companies and Groups (Accounts and Directors' Report) Regulations 2008, to suit the nature of the company's activities. This format remains consistent with SORP (FRS102).

(j) Critical accounting policies

The accounting policies which have the most material impact on the financial statements of the charity relate to fund accounting and treatment of fixed assets. In particular:

- The Church has acquired a property under a long-term lease. See notes 1 (f) and 17. This has the effect of introducing a material asset and loan into the balance sheet.
- The Church has expended significant funds in developing the property. These leasehold improvements are being depreciated over a 10-year period as per note 1(f).
- Details of restricted funds operated by the Church can be found at note 17.

(k) Going concern

The financial statements have been prepared on a going concern basis as the trustees believe that no material uncertainties exist. The trustees have considered the level of funds held and the expected level of income or expenditure for 12 months from authorising these financial statements. The budgeted income and expenditure is sufficient with the level of reserves for the charity to be able to continue as a going concern.

King's Church Darlington
Notes forming part of the Financial Statements for the Year ended 31 December 2022

1. Accounting policies (cont.)

(I) Exceptions to SORP (FRS102)

The nature of the charity means that Church members will regularly provide the church with their services on a voluntary basis. Examples of the contribution made by volunteers include organisation of events and meetings, and support to the café, food bank, sports facilities and furniture scheme to augment the work of paid employees. As per note 1 (d), these services have not been valued and included as income as the trustees believe that it is impossible to quantify the value of these services and that the inclusion of such an estimate would not add to the understanding of the financial performance of the charity.

The Church operates a Furniture recycling scheme which receives donated second-hand furniture. The furniture is then sold to the community at a nominal fee intended to cover operating costs only. Valuation of the donated goods is not possible and so the Church recognises the gift income and associated cost at the same value as the income actually received when sold. Whilst the Church holds a level of stock at a given time the trustees have chosen not to include the value of the stock in its balance sheet on the basis that it is not possible to value the stock until it has been sold and on the basis that the value is not material to the understanding of the financial statements.

The Church operates a food bank which receives donated food. The food is then gifted to the community for no fee. The donated food is high volume and low value which makes it impractical to value and so the Church does not recognise gift income, the associated cost or stock.

2 Income from donations and legacies

	Year ended 31 December 2022			Year ended
	Unrestricted	Restricted	Total	31 December
	Funds	Funds	Funds	2021
	£	£	£	£
Gifts and donations	231,893	78,528	310,421	310,322
Legacies	-	-	-	-
Grants (see note 17)	10,000	53,957	63,957	42,590
Gifts in kind	95,465	-	95,465	64,372
	<u>337,358</u>	<u>132,485</u>	<u>469,843</u>	<u>417,284</u>
Year ended 31 December 2021	329,620	87,664	417,284	

Restricted income represents income gifted for the purposes to support the work of the Foodbank, and grants to support the work of the activities undertaken at the King's Centre notably the Foodbank and the Furniture Scheme.

The £10,000 of unrestricted grant income are grants received from the Local Authority to affect organisations impacted by the Coronavirus pandemic.

Gifts in kind represent the value of donated furniture that was sold during the year.

King's Church Darlington
Notes forming part of the Financial Statements for the Year ended 31 December 2022

3 Rental income

	Year ended 31 December 2022			Year ended 31 December 2021
	Unrestricted Funds £	Restricted Funds £	Total Funds £	£
Letting of office facilities	12,500	-	12,500	8,000
	<u>12,500</u>	<u>-</u>	<u>12,500</u>	<u>8,000</u>
Year ended 31 December 2021	8,000	-	8,000	

4 Investment income

	Year ended 31 December 2022			Year ended 31 December 2021
	Unrestricted Funds £	Restricted Funds £	Total Funds £	£
Bank interest receivable	1,122	-	1,122	-
	<u>1,122</u>	<u>-</u>	<u>1,122</u>	<u>-</u>
Year ended 31 December 2021	-	-	-	

5 Income from charitable activities – church events

	Year ended 31 December 2022			Year ended 31 December 2021
	Unrestricted Funds £	Restricted Funds £	Total Funds £	£
Reimbursements for:				
Youth Activities	348	-	348	210
Events and Training	10,891	-	10,891	885
Furniture Scheme	98,769	-	98,769	65,996
Café Income	50,317	-	50,317	29,256
King's Sports	3,165	-	3,165	1,605
Other Income	650	-	650	156
	<u>164,140</u>	<u>-</u>	<u>164,140</u>	<u>98,108</u>
Year ended 31 December 2021	98,108	-	98,108	

King's Church Darlington
Notes forming part of the Financial Statements for the Year ended 31 December 2022

6 Total expenditure

		Year ended 31 December 2022						Year ended 31 December 2021
	Basis of Allocation	Raising Funds	Rental Income	Church Activities	Governance	Restricted Fund	Total	
		£	£	£	£	£	£	£
Church Meetings	Direct	-	-	3,399	-	3,115	6,514	7,633
External Events	Direct	-	-	4,694	-	213	4,907	1,389
Evangelism & Training	Direct	-	-	749	-	1,639	2,388	4,463
Youth/Children's Work	Direct	-	-	5,546	-	200	5,746	2,585
Grants to Organisations	Direct	-	-	29,760	-	-	29,760	15,335
Grants to Individuals	Direct	-	-	2,474	-	800	3,274	2,958
Independent Examiners Fees	Direct	-	-	-	2,040	-	2,040	2,160
Furniture Recycled	Direct	-	-	110,703	-	716	111,419	75,527
Café	Direct	-	-	12,273	-	-	12,273	6,868
Foodbank	Direct	-	-	-	-	16,054	16,054	28,347
King's Sports	Direct	-	-	-	-	-	-	-
		-	-	169,598	2,040	22,737	194,375	147,265
Staff Costs	Time	2,794	1,397	242,171	2,794	54,545	303,701	311,739
Premises Costs	Usage	-	4,228	136,701	-	-	140,929	162,531
Administration Costs	Time	404	202	19,204	404	-	20,214	22,157
Interest on Finance Lease	Usage	-	523	16,910	-	-	17,433	19,318
		3,198	6,350	584,584	5,238	77,282	676,652	663,010
Year ended 31 December 2021		3,378	7,144	538,447	5,538	108,503	663,010	

Elder and Administrators Staff Costs and Administration Costs have been allocated on the basis of an estimate of time spent by the Elders, Administrator, Furniture Scheme Manager, Foodbank Staff, and Café Manager. Premises costs and the interest on the loan to fund the building purchase have been allocated on the basis of usage of the building. Premises costs include depreciation of Building Improvements of £71,236 (2021: £76,311) and £20,000 for Property (2022: £20,000). The balance of depreciation costs of £6,793 (2021: £7,513) is within administrative costs.

King's Church Darlington
Notes forming part of the Financial Statements for the Year ended 31 December 2022

6 Total expenditure (cont.)

		Year Ended 31 December 2021					
	Basis of Allocation	Raising Funds	Rental Income	Church Activities	Governance	Restricted Fund	Total
		£	£	£	£	£	£
Church Meetings	Direct	-	-	7,633	-	-	7,633
External Events	Direct	-	-	1,389	-	-	1,389
Evangelism & Training	Direct	-	-	4,463	-	-	4,463
Youth/Children's Work	Direct	-	-	2,585	-	-	2,585
Grants to Organisations	Direct	-	-	15,335	-	-	15,335
Grants to Individuals	Direct	-	-	2,958	-	-	2,958
Independent Examiners Fees	Direct	-	-	-	2,160	-	2,160
Furniture Recycled	Direct	-	-	74,902	-	625	75,527
Café	Direct	-	-	6,868	-	-	6,868
Foodbank	Direct	-	-	-	-	28,347	28,347
King's Sports	Direct	-	-	-	-	-	-
		-	-	116,133	2,160	28,972	147,265
Staff Costs	Time	2,934	1,467	224,873	2,934	79,531	311,739
Premises Costs	Usage	-	4,876	157,655	-	-	162,531
Administration Costs	Time	444	221	21,048	444	-	22,157
Interest on Finance Lease	Usage	-	580	18,738	-	-	19,318
		3,378	7,144	538,447	5,538	108,503	663,010

7 Net incoming resources

Net incoming resources are stated after charging:

	Year ended 31 December 2022 £	Year ended 31 December 2021 £
Depreciation	98,029	103,824
Independent Examiners Fees	2,040	2,160

King's Church Darlington**Notes forming part of the Financial Statements for the Year ended 31 December 2022****8 Staff costs**

Staff costs were as follows:

	Year ended 31 December 2022	Year ended 31 December 2021
	£	£
Salaries and wages	269,251	277,228
Social security costs	19,928	19,130
Pension costs	18,270	17,476
	<u>307,449</u>	<u>313,834</u>

No employee earned emoluments of more than £60,000 in a year (2021: none). The Church operates a defined contribution pension scheme which requires the Church to make contributions of 7%, provided that the employees match the 7% contributions. From April 2019 until May 2021 these percentages were both 6%, with the increase to 7% taking effect from June 2021. The contributions made by the Church for the year were £18,270 (2021: £17,476).

The average number of employees during the year, calculated on the basis of full-time equivalents was as follows:

	Year ended 31 December 2022	Year ended 31 December 2021
Church Elder	2.0	2.4
Church Administrator	1.0	1.0
Pastoral Worker	-	1.0
Youth Worker	1.0	0.2
Furniture Scheme Worker	3.3	2.7
Café Worker	2.0	2.3
Cleaner	1.0	1.0
Foodbank Staff	2.7	4.2
	<u>13.0</u>	<u>14.8</u>

King's Church Darlington
Notes forming part of the Financial Statements for the Year ended 31 December 2022

9 Trustees remuneration and related party transactions

There were two trustees who received remuneration in the year (2021: three) for their services as Elders, as permitted by the Memorandum and Articles of Association. These were the only key management person who received remuneration in the current or previous year. Total emoluments were £90,184 (2021: £102,852), including pension contributions of £5,900 (2021: £6,395).

The highest paid trustee, Mike Coltman, received emoluments in the year of £48,386 (2021: £43,074) including pension contributions of £3,165 (2021: £2,682).

The trustees mentioned above were reimbursed for expenses totalling £3,289 (2021: £2,263). Steve Ward received reimbursement for expenses totalling £168 (2021: Nil). These expenses were incurred performing their duties as Elders, and mainly comprised travelling, hospitality and telephone costs.

In addition to the above, Graham Kennedy's spouse received emoluments in the year of £17,095 (2021: £16,264) including pension contributions of £1,118 (2021: £1,007), for her services as Café Manager. No other Director or other person related to the management of the Church had any personal interest in any contract or transaction entered into by the Charity during the year. The spouse of a former Director and Elder received emoluments in the prior year of £4,192 including pension contributions of £254. Both left employment in 2021.

10 Grants made by the Charity

In the year, the Church made charitable grants from unrestricted funds of £32,234 (2021: £18,293) which comprised £29,760 to organisations (2021: £15,335) and £2,474 to individuals (2021: £2,958). The largest gifts were £9,000 towards the works of Christ Central, being the organisation which co-ordinates the subgroup of NewFrontiers to which the Church is affiliated, and £11,131 to a Church in Brasov, Romania with which the Church is developing links and helping with building work.

No grants were made from restricted funds in the year (2021: none).

In all cases gifts were made to further the aims of the charity being to further Christian faith and also bring relief to persons in conditions of need, hardship or distress, or who are aged or sick.

11 Taxation

As a charity, King's Church Darlington is exempt from tax on income and gains falling within section 505 of the Taxes Act 1988 or s256 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objects. No tax charges have arisen in the Charity.

King's Church Darlington
Notes forming part of the Financial Statements for the Year ended 31 December 2022

12 Tangible fixed assets

	Music & Sound System	Office Furniture & Equipment	Motor Vehicles	Leasehold Improvements	Property	Total
	£	£	£	£	£	£
Cost						
At 1 January 2022	54,938	71,098	34,029	1,125,430	500,000	1,785,495
Additions	926	4,218	-	853	-	5,997
Disposals	-	(2,184)	-	-	-	(2,184)
At 31 December 2022	55,864	73,132	34,029	1,126,283	500,000	1,789,308
Depreciation						
At 1 January 2022	47,747	62,369	28,226	905,860	315,000	1,359,202
Charge for the year	1,818	3,524	1,451	71,236	20,000	98,029
Disposals	-	(2,055)	-	-	-	(2,055)
At 31 December 2022	49,565	63,838	29,677	977,096	335,000	1,455,176
Net Book Value						
At 31 December 2022	6,299	9,294	4,352	149,187	165,000	334,132
At 31 December 2021	7,191	8,729	5,803	219,570	185,000	426,293

The net book value of assets held under finance lease amounted to £165,000 (2021: £185,000).

13 Debtors

	31 December 2022	31 December 2021
	£	£
Other debtors	4,651	4,733
Prepayments	9,321	8,161
	<u>13,972</u>	<u>12,894</u>

14 Creditors: Amounts falling due within one year

	31 December 2022	31 December 2021
	£	£
Trade creditors	7,726	7,056
Taxation and social security	7,708	9,621
Accruals	7,399	4,855
Finance lease	28,952	27,067
	<u>51,785</u>	<u>48,599</u>

Amounts owed under finance lease are secured by the assets to which they relate.

King's Church Darlington
Notes forming part of the Financial Statements for the Year ended 31 December 2022

15 Creditors: amounts falling due after one year

	31 December 2022	31 December 2021
	£	£
Finance lease	266,086	295,039

On 18th January 2007, the company entered an arrangement to purchase a property. The terms of the arrangement were to pay monthly instalments of £3,708 over a 25-year period, at which point the company has the option to purchase the freehold for a nominal amount. The agreement was backdated to 1 April 2006.

Amounts owed under finance lease are secured by the assets to which they relate.

16 Analysis of net assets between funds

Year ended 31 December 2022

	Unrestricted Funds	Restricted Funds	Total Funds
	£	£	£
Fixed assets	334,132	-	334,132
Current assets	125,645	112,228	237,873
Current liabilities	(51,785)	-	(51,785)
Long-term liabilities	(266,086)	-	(266,086)
Net assets at 31 December 2022	141,906	112,228	254,134

Year ended 31 December 2021

	Unrestricted Funds	Restricted Funds	Total Funds
	£	£	£
Fixed assets	426,293	-	426,293
Current assets	141,281	59,245	200,526
Current liabilities	(48,599)	-	(48,599)
Long-term liabilities	(295,039)	-	(295,039)
Net assets at 31 December 2021	223,936	59,245	283,181

King's Church Darlington
Notes forming part of the Financial Statements for the Year ended 31 December 2022

17 Movement in funds

Year ended 31 December 2022

	Unrestricted Funds - General Funds	Restricted Funds - Foodbank	Restricted Funds - Pastoral Help Fund	Restricted Funds - Grants	Total Funds
	£	£	£	£	£
As at 1 January 2021	342,715	46,273	2,834	30,977	422,799
Incoming Resources	435,728	57,574	-	30,090	523,392
Outgoing Resources	(554,507)	(64,302)	-	(44,201)	(663,010)
Transfer between funds	-	-	-	-	-
As at 1 January 2022	223,936	39,545	2,834	16,866	283,181
Incoming Resources	515,120	78,528	-	53,957	647,605
Outgoing Resources	(599,370)	(56,805)	(800)	(19,677)	(676,652)
Transfer between funds	2,220	-	-	(2,220)	-
As at 31 December 2022	141,906	61,268	2,034	48,926	254,134

Purpose of the Foodbank Fund (formerly Gift Day Fund)

This fund is built up from donations to support the activities of the Foodbank.

At 1 January 2022 the brought forward fund was £39,545. Further gifts of £78,528 were received in the year. Expenditure was £56,805 such that closing funds were £61,268.

Pastoral Help Fund

This fund is available to meet the needs of those in financial difficulties. A balance of £2,834 was brought forward. £800 was gifted in the year leaving a closing balance of £2,034.

Grant Income

Foodbank: The Church brought forward a grant fund of £233 towards the improvement of Foodbank Facilities and this was expended in the year. A brought forward grant to support clients of the Foodbank who were in need of £1,595 was added to by a further £7,000 grant in the year. £6,357 was expended leaving a carried forward balance of £2,238. There was also a balance of £400 brought forward for the purchase of food. A further £5,000 was received in the year and £3,400 was expended leaving a carried forward balance of £2,000. There were also further grants towards the running of the scheme with a brought forward balance of £2,500. Further grants totalling £21,900 were received towards the running of the scheme. £2,500 was utilised in the year, leaving a £21,900 carried forward balance. In the year a grant of £2,000 was received towards motor vehicle costs. £1,305 was spent in the year, leaving a carried forward balance of £695.

King's Church Darlington
Notes forming part of the Financial Statements for the Year ended 31 December 2022

17 Movement in funds (cont.)

Grant Income (cont)

Furniture Scheme: The Church holds grant funding designated to fund the running and replacement costs of a Furniture Recycling Scheme van. The opening balance was £9,642. An additional £5,000 was received in the year leaving a closing balance of £14,642. In the year, a grant of £3,000 was received towards the establishment of workshops. £1,569 was expended in the year with the balance of £1,461 carried into 2023.

Other: A number of other grants were utilised as follows. £950 towards the funding of the Soup Kitchen was brought forward and carried forward. £200 towards Youth Work was brought forward and utilised in the year. £994 towards upgrade of the PA systems was brought forward and was utilised in the year. £352 to fund equipment for King's Sports was brought forward and £213 was utilised in the year leaving a balance of £139. Grants of £3,812 were received towards the support of overseas mission work, notably in India and Romania. £1,422 was utilised in the year leaving a balance of £2,390. Grants of £1,315 were received to support the work of Soul Hope Uganda and remains unspent at the end of the year. A grant to replace the floor in one of the halls in the King's Centre of £4,439 was received in the year. £3,489 was expended leaving a carried forward balance of £941. A grant of £500 was received to allow the purchase of books. £215 was utilised in the year leaving a carried forward balance of £285.

Year ended 31 December 2021

	Unrestricted Funds - General Funds	Restricted Funds - Gift Day Fund	Restricted Funds - Pastoral Help Fund	Restricted Funds - Grants	Total Funds
	£	£	£	£	£
As at 1 January 2020	448,808	8,670	2,834	10,242	470,554
Incoming Resources	375,347	82,156	-	95,294	551,797
Outgoing Resources	(484,365)	(44,553)	-	(70,634)	(599,552)
Transfer between funds	2,925	-	-	(2,925)	-
As at 1 January 2021	342,715	46,273	2,834	30,977	422,799
Incoming Resources	435,728	57,574	-	30,090	523,392
Outgoing Resources	(554,507)	(64,302)	-	(44,201)	(663,010)
Transfer between funds	-	-	-	-	-
As at 31 December 2021	223,936	39,545	2,834	16,866	283,181

King's Church Darlington
Notes forming part of the Financial Statements for the Year ended 31 December 2022

18 Leases

a) Finance leases - lessee

The only finance lease relates to the purchase of Land and Buildings. The terms of the lease require quarterly instalments of £11,125 to be paid over a 25-year period commencing on 1 April 2006. The building has been valued at £500,000 and interest of £612,500 has been allocated on a sum of digits basis. The capital payment of the lease is due:

	31 December 2022	31 December 2021
	£	£
Within 1 Year	28,952	27,067
Within 2 to 5 Years	134,654	127,115
After 5 Years	131,432	167,924
	295,038	322,106

b) Operating leases - lessee

Total future minimum lease payments under non-cancellable operating leases are as follows:

<u>Payable</u>	31 December 2022	31 December 2021
	£	£
Not later than one year	369	491
Later than one and not later than five years	-	369
Later than five years	-	-
	369	860

19 Share capital

The company does not have a share capital. In the event of a winding up, every member at that time is required to contribute £1.

20 Reconciliation of net expenditure to net cash flow from operating activities

	Year ended 31 December 2022			Year ended 31 December 2021
	Unrestricted Funds	Restricted Funds	Total Funds	
	£	£	£	£
Net (expenditure)/income	(82,030)	52,983	(29,047)	(139,618)
Depreciation charges	98,029	-	98,029	103,824
Interest charge	17,433	-	17,433	19,317
Loss on disposal of fixed assets	129	-	129	755
Decrease/(increase) in debtors	(1,078)	-	(1,078)	3,237
(Increase)/decrease in creditors	1,301	(1)	1,300	(442)
Net cash provided/(used in) operating activities	33,784	52,982	86,766	(12,927)
Year ended 31 December 2021	7,912	(20,839)	(12,927)	